Uniform Classification of Accounts

FOR

ELECTRIC UTILITIES

(Classes C and D)

Prescribed by the

RAILROAD COMMISSION OF WISCONSIN

Effective January 1, 1926

Madison, 1925

BEFORE THE

In the Matter of the Revision by the Commission of the Uniform Classification of Accounts for Class C Electric utilities Prescribed January 15, 1912, and the Adoption of a New Uniform Classification of Accounts for such Utilities and the Establishment of a Uniform Classification of Accounts for Class D Utilities.	U-3320

BEFORE THE
RAILROAD COMMISSION OF WISCONSIN

In the Matter of the Revision by the Commission of the Uniform Classification of Accounts for Class C Electric utilities Prescribed January 15, 1912, and the Adoption of a New Uniform Classification of Accounts for such Utilities and the Establishment of a Uniform Classification of Accounts for Class D Utilities.	U-3320

WHEREAS, the Commission has had under consideration the revision of the Uniform Classification of Accounts for Class C Electric Utilities as adopted January 15, 1912 and the establishment of a Uniform Classification of Accounts for Class D Electric Utilities by the adoption of a new Uniform Classification of Accounts for Class C and Class D Electric Utilities, due notice was given and sent to all Class C and Class D Electric Utilities in the State of Wisconsin that a hearing would be held at which hearing all Utilities and others interested were requested to be present and submit such evidence and testimony as might be proper in the premises; and

WHEREAS, the Commission did, on December 2, 1925, hold a public hearing on said matter in its office in the Capitol in the city of Madison, Wisconsin, at ten o'clock in the forenoon of that day at which hearing a number of the representatives of such utilities and others interested in said matter appeared and submitted suggestions and objections to the installation and adoption of the proposed Classification of Accounts; and

WHEREAS, the Commission having carefully considered said suggestions and objections concerning the adoption of the proposed classification, is of the opinion that such objections should not be sustained and that the public interest warrants the installation of the Classification of Accounts as prepared.

NOW THEREFORE, IT IS HEREBY ORDERED that Class C and Class D Electric Utilities, as defined in the following paragraph of this order doing business in the State of Wisconsin shall, after December 31,1925, fully and completely keep their accounts in accordance with the Classification of Accounts hereto attached and made a part hereof.

Class C Electric Utilities are those Electric Utilities which have revenues in excess of $15,000.00 but not over $50,000.00 per year. Class D Electric Utilities are those Electric Utilities which have revenues in excess of $5,000.00 but not over $15,000.00 per year or if having revenues of less than $5,000.00 per year but being operated in conjunction with either Class C

Class C Electric Utilities are those Electric Utilities which have revenues in excess of $15,000.00 but not over $50,000.00 per year. Class D Electric Utilities are those Electric Utilities which have revenues in excess of $5,000.00 but not over $15,000.00 per year or if having revenues of less than $5,000.00 per year but being operated in conjunction with either Class C or Class D Water Utilities.

This order prescribing a Uniform Classification of Account for Electric Utilities in Class C as defined herein shall supersede and take the place of the Classification for such Utilities adopted January 15, 1912.

Dated at Madison, Wisconsin, this 8th day of December, 1925.

RAILROAD COMMISSION OF WISCONSIN

Adolph Kanneberg

A. R. McDonald

Commissioners

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Uniform Classification of Accounts

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ELECTRIC UTILITIES
(Classes C and D)

Prescribed by the

RAILROAD COMMISSION OF WISCONSIN

Effective _____

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UNIFORM SYSTEM OF ACCOUNTS FOR ELECTRICAL UTILITIES

GENERAL INSTRUCTIONS

1. **Accounts to be Kept by Double-Entry Method.**—All the accounts (other than purely statistical accounts) defined in this classification must be kept by the double-entry method.

2. **Account Numbers Not a Part of Title.**—The numbers prefixed to account titles in this classification are solely for convenience of reference and are not part of the titles or definitions.

3. **Accounting Period.**—It is recommended that each electrical utility select the month as its accounting period, and that it make its bookkeeping entries on a monthly basis. This means that the books of original entry shall be posted to the general ledger monthly and a trial balance be taken of the general ledger accounts. The utility may, however, select a quarterly or other basis if that will better meet the conditions under which it conducts its business. Each utility will be required to close its books at the end of the fiscal year for which it makes its annual report.

4. **Records.**—Each electrical utility shall so keep its general accounting books, and all other books and records which support in any way the entries to such accounting books, that it can furnish at any time full information as to any account kept by it. Moreover, it shall support each entry to each account with such detailed information as will enable a ready identification and verification of the facts recorded therein.

The books referred to herein include not only books of account in a limited technical sense, but all other records, such as minute books, stock books, etc., which will be useful in developing the history of any of the accounting utility's transactions.

5. **Grouping of Utilities.**—Utilities having electric-department revenues in excess of $15,000 but not over $50,000 per year are Class "C" utilities. Utilities having electric-department revenues in excess of $5,000 but not over $15,000 per year are Class "D" utilities.

STANDARD FORM OF BALANCE SHEET

ASSET SIDE

101. Property and plant

Current Assets:

111. Cash
112. Notes receivable
113. Consumers' accounts receivable
114. Miscellaneous accounts receivable
115. Materials and supplies
116. Prepayments
117. Miscellaneous current assets

Miscellaneous Assets:

121. Investments in affiliated companies
122. Miscellaneous investments
123. Sinking funds
124. Replacement fund
125. Miscellaneous special funds
126. Special deposits

Suspense:

131. Unamortized debt discount and expense
132. Miscellaneous suspense

Adjustment Accounts:

141. Reacquired securities
142. Treasury securities

STANDARD FORM OF BALANCE SHEET

LIABILITY SIDE

201. Capital stock
202. Premium on capital stock
203. City equity

211. Long-term debt

Current Liabilities:
221. Notes payable
222. Accounts payable
223. Consumers' deposits
224. Dividends declared
225. Miscellaneous current liabilities

Accrued Liabilities:
231. Taxes accrued
232. Interest accrued
233. Miscellaneous accrued liabilities

241. Advances from affiliated companies
242. Advances from city

Reserves:
251. Retirement (Depreciation) reserve
252. Sinking-fund reserves
253. Unamortized premium on debt
254. Contributions for extensions
255. Miscellaneous reserves

261. Miscellaneous unadjusted credits

270. Surplus

BALANCE-SHEET ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

1. **Balance-Sheet Accounts Defined.**—By balance-sheet accounts are meant those titles under which the ledger accounts are combined and summarized to show the assets, liabilities, and surplus or deficit of an enterprise at a given time. Where the title and definition of a balance-sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be raised under such title to include the balances from the accounts usually carried on the ledger.

2. **Form of Balance Sheet.**—The standard form of balance sheet is shown on pages 6 and 7. Certain of the terms there used are defined, for the sake of greater clearness, in the following paragraphs:

3. **Current Assets.**—Current assets are those assets that are readily converted into money, or capable (in the case of materials and supplies) of being used in operation or construction.

4. **Funds.**—Funds are assets, usually cash or securities capable of ready conversion into cash, deposited with trustees or set aside for specific purposes.

5. **Suspense Accounts.**—Suspense accounts are accounts in which may be carried any expenditure, the appropriate disposition of which is not yet determined, or any loss which may properly be spread over a period of time, or any other debit which may be amortized through charges made to expense or other income accounts at intervals over a period of time; credit items, the final disposition of which is not yet determined, may also be carried in suspense under account No. 261, "Miscellaneous Unadjusted Credits".

6. **Adjustment Accounts.**—Adjustment accounts are accounts in which may be carried debits that offset certain liabilities but which it is not desirable, as a matter of bookkeeping convenience, to charge against the liability accounts concerned.

7. **Current Liabilities.**—Current liabilities are those which are definitely determined in amount, and are either matured at the date of the balance sheet or become due within a year from date, or upon demand of the creditor.

8. **Accrued Liabilities.**—Accrued liabilities are those not yet due, but which are to become due in the near future, and

which accrue or grow from day to day, such as unmatured interest, rents, taxes, etc. Credits to accounts representing accrued liabilities whose amounts are not definitely known, as in the case of many taxes, are made on the basis of estimates which are adjusted when the proper amounts become known.

9. **Reserves.**—Reserves are credit accounts created through arbitrary or estimated charges made to provide wholly or in part for matters to be later determined.

10. **Premium on Capital Stock.**—Ledger accounts shall be provided to cover the premiums on each class of capital stock issued or assumed by the accounting company. The total of the net credit balances shall be included in account No. 202, "Premium on Capital Stock".

By the term *premium* is meant the excess of the actual cash value of the consideration received for stock issued or assumed over the par value of such stock (and accrued dividends, if any).

Entries in this account, representing premiums realized, shall be carried therein until offset by credits to Surplus upon re-acquirement of the stock. In case the accounting company is permitted and elects to distribute all or any part of the net premium on its capital stock to its stockholders, the amount thus distributed shall be charged to the premium account.

For the purpose of this classification the premium realized at the sale of capital stock shall not be considered a profit and loss item except upon re-acquirement of the stock sold.

When stock which has been issued or assumed by the accounting company is reacquired the difference between the price paid and the par value of the stock shall be charged or credited to Surplus as may be appropriate. Concurrently the premium account for the particular issue of stock re-acquired shall be adjusted through Surplus to the extent of the premium applicable to the shares re-acquired. This does not apply to the purchase of securities solely for special funds in which the accounting company carries at cost instead of par value securities issued or assumed by itself.

11. **Discount, Expense and Premium on Long-Term Debt.**—Ledger accounts shall be provided to cover discounts, expense and premiums at the sale of each class of long-term debt (including receiver's certificates) issued or assumed by the accounting utility. The total of the net debit balances remaining in these several accounts shall be included in account No. 131, "Unamortized Debt Discount and Expense," and the total of the net credit balances in account No. 253, "Unamortized Premium on Debt".

By the term *discount* is meant the excess of the par value of the securities issued or assumed, and the accrued interest

thereon, over the actual cash value of the consideration received for such securities. By the term *premium* is meant the excess of the actual cash value of the consideration received for securities issued or assumed over the par value of such securities and the accrued interest thereon.

By the term *expense* is meant all expenses in connection with the issue and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording mortgages and trust deeds; cost of printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year; fees paid trustees acting under mortgages and trust deeds; fees paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing such evidences of debt; and other like expense.

Each month (or other accounting period) there shall be charged to income account No. 660, "Amortization of Debt Discount and Expense," a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities) of each of the debit balances in these accounts, and correspondingly there shall be credited to income account No. 670, "Amortization of Premium on Debt," a similar proportion of each of the credit balances in these accounts.

When any long-term debt which has been actually issued to bona fide holders for value is re-acquired by the accounting company, a proportion of the balance remaining in the accounts covering discount, expense, and premium on long-term debt of the class of security re-acquired shall be credited or charged, as may be appropriate, to Surplus. Such proportion shall be based upon the ratio of the par value of the security re-acquired to the par value of all the securities of the same class actually outstanding immediately before such re-acquirement. This does not apply to the purchase of securities solely for special funds in which the accounting company carries at cost instead of par value securities issued or assumed by itself.

In case, however, the premium or discount realized at the prior sale of the securities re-acquired has been included (in excess of the proportion authorized in the text of fixed-capital account No. 326, "Undistributed Construction Overhead Costs") in an asset account other than the premium account, such asset account shall be concurrently adjusted through Surplus to the extent of such excess of the premium or discount previously included therein with respect to the securities re-acquired.

Except as provided in account No. 326, "Undistributed Construction Overhead Costs," no discount on long-term debt shall be charged to, or included in, any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

TEXT PERTAINING TO BALANCE–SHEET ACCOUNTS

101. PROPERTY AND PLANT

This account shall include the cost of property having an expectation of life in service of more than one year which is devoted to the operations of the electric utility, less deductions for property abandoned, sold, or otherwise retired from service.

Separate ledger accounts shall be provided for each of the primary property and plant accounts (Nos. 301 to 327), and the total of the balances of such accounts shall be shown in this account when the balance sheet is prepared.

If the accounting utility conducts two or more separate and distinct classes of operations, as in the case of a utility having both an electric and water department, expenditures chargeable to such property and plant accounts, as "Land," "Organization," "Structures and Improvements to Grounds," etc., which are not assignable to a particular department or kind of operations, may be shown in a subdivision having the title "Property and Plant—Joint". The foregoing should not be construed to prohibit the apportionment of such expenditures between departments on a more or less arbitrary basis provided this basis is clearly stated in the accounting utility's public reports.

111. CASH

This account shall include all money coming into the possession of the accounting utility. This covers coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer on demand; also, all bank credits, checks and drafts receivable subject to satisfaction or transfer upon demand (whether payable to bearer or to order).

112. NOTES RECEIVABLE

This account shall include the ledger value of all notes and bills receivable which are the property of the accounting utility and upon which solvent concerns or individuals are liable. This covers demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include notes coming within the definition of "Investments in Affiliated Companies," or "Miscellaneous Investments" (for which see page 13).

113. CONSUMERS' ACCOUNTS RECEIVABLE

This account shall include all amounts owing to the utility by customers for sales of electric energy and also for merchandise

sold, provided the utility follows the practice of carrying merchandise accounts in the consumers' ledger. The balance in this account shall be reconciled each month with the total amount due from customers as shown by the consumers' ledger.

114. MISCELLANEOUS ACCOUNTS RECEIVABLE

This account shall include all amounts owing to the utility by corporations, firms, or individuals for miscellaneous bills (other than those covering sales of electric energy and merchandise included in account No. 113); amounts advanced to employes for working funds; dividends declared by others, but not collected; interest due and collectible on securities, mortgages, accounts, and deposits; and other items of amounts collectible.

115. MATERIALS AND SUPPLIES

This account shall include the balances representing the cost of all materials and supplies not charged out in the accounting utility's accounts.

Charge this account with the cost of materials and supplies purchased, including transportation charges. Charge, also, to this account the salvage value of materials and supplies recovered from plant retired and returned to store.

Credit this account and charge the proper property and plant, operating expense or other account with the value of all materials and supplies used or otherwise disposed of.

Inventories of materials and supplies shall be taken at least annually, and any shortage or overage disclosed by such inventories shall be credited or debited to this account and debited or credited to operating-expense account No. 590, "General and Miscellaneous Expenses," or the appropriate subdivision thereof, in case it cannot be assigned to specific accounts. Where such materials and supplies have been used in construction a suitable proportion of such shortage or overage may be debited or credited to the proper property and plant accounts.

NOTE.—When materials and supplies are purchased for immediate use, or in small quantities and for a single purpose, they need not be carried through this account, but may be charged directly to property and plant, operating expense or other accounts affected. Where utilities follow this practice of charging certain materials direct, care must be taken that such materials are not included in the annual inventories taken.

116. PREPAYMENTS

This account shall include the amounts of rents, insurance and other disbursements made in advance of the period to which they apply. As the periods covered by such prepayments expire, credit this account and charge the proper operating-expense or other accounts with the amounts applicable to the period.

117. MISCELLANEOUS CURRENT ASSETS

This account shall include the cost of all current assets which are not includable under any of the foregoing accounts. (See, "Balance-Sheet Accounts—General Instructions and Definitions," Section 3, page 8).

121. INVESTMENTS IN AFFILIATED COMPANIES

This account shall include the ledger value of the accounting company's investment in securities or non-negotiable notes issued or assumed by affiliated companies; also, of its investment advances to such companies. Two companies are affiliated if either one controls the policy of the other, or if both are subject to the same control. By "Investment advances" are meant debit balances in open accounts with affiliated companies not subject to current settlement, and interest accrued on such open accounts when such interest is not subject to current settlement.

NOTE.—Accounts with affiliated companies which are subject to current settlement, such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

122. MISCELLANEOUS INVESTMENTS

This account shall include the cost of all miscellaneous investments, such as those in securities of other non-affiliated corporations, intangible property of a permanent nature not coming within the definition of property and plant, as, for example, real estate leased to others or held for a rise in value; property acquired for devotion to future operations because the acquisition of such property when needed would not be possible under such favorable circumstances, etc., provided such investments are not included in any special-fund account.

123. SINKING FUNDS

This account shall include the amount of cash, the ledger value of securities of other companies, and other assets which are held by trustees of sinking funds for the purpose of redeeming outstanding obligations, including such assets so held by the accounting utility when they are segregated in a distinct fund; also, amounts deposited with such trustees on account of mortgaged property sold, when the proceeds of such sale are to be held for the redeeming of securities; and the cost of live securities issued or assumed by the accounting utility and held in such funds. A separate account shall be kept for each fund, and the title of each fund should designate the obligation in support of which the fund is created.

124. REPLACEMENT FUND

If the accounting utility desires, or is required, to segregate in a special fund the assets, or any part of the assets, represented by the retirement reserve (see account No. 251, "Retirement Reserve"), the value of such assets shall be charged to this account.

125. MISCELLANEOUS SPECIAL FUNDS

This account shall include the amount of cash and the cost of securities of other companies and other assets in insurance, employes' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for purposes not provided for elsewhere; also, the cost of securities issued or assumed by the accounting company and held in such funds. A separate account shall be provided for each fund.

126. SPECIAL DEPOSITS

This account shall include all monies and bank credits deposited in the hands of fiscal or other agents of the utility for the payment of interest on coupons when presented, for the repayment of consumers' deposits, or for other special purposes. Payments of interest to the trustees or other agents of the holders of bonds or other securities of the accounting utility which release the utility from further liability for such interest shall not be charged to this account but to "Interest Accrued" account, if such interest has been accrued, otherwise to the appropriate interest-expense account.

131. UNAMORTIZED DEBT DISCOUNT AND EXPENSE

Charge this account with discount and expense in connection with the issuance of each class of the accounting utility's long-term debt.

Credit this account and charge account No. 660, "Amortization of Debt Discount and Expense" each month, or other accounting period, with such proportion of the discount and expense pertaining to each class of long-term debt as will completely extinguish such discount and expense over the remaining life of each particular issue.

When any long-term debt is retired prior to its maturity date, this account shall be credited with the full amount of the discount and expense applicable to the securities retired which is unextinguished at the date of retirement. This amount should be charged to "Surplus Account".

NOTE.—An equitable proportion of the discount and expense on long-term debt issued for construction purposes may be charged to account No. 326, "Undistributed Construction Overhead Costs". The proportion of discount and expense thus chargeable shall be determined by the ratio between the

period prior to the completion or coming into service of the property constructed and the period of the entire life of the securities issued.

132. MISCELLANEOUS SUSPENSE

This account shall include all debits not elsewhere provided for, the proper final disposition of which is uncertain. This will include the cost of tentative or preliminary surveys, designs, and investigations made for determining the feasibility of projects under contemplation. If the project is thereafter definitely undertaken, such amount shall be credited to this account and charged to the proper property and plant or other account. If the project is abandoned, the cost of the preliminary investigation shall be charged to account No. 590, "General and Miscellaneous Expenses," or the appropriate subdivision thereof. Whenever the proper disposition of any item charged to this account is determined it shall be credited to this account and charged to the appropriate account.

141. REACQUIRED SECURITIES

When securities, whether debt or stocks, have been actually issued by the accounting utility to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting utility), and after such issue (or assumption) have been acquired by the accounting utility under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face value to this account. If the price at which such securities have been reacquired is greater or less than the par or face value the difference shall be adjusted through Surplus, or through the appropriate discount or premium account.

NOTE A.—This account shall not include securities that are merely guaranteed.

NOTE B.—This account shall not include any securities held in sinking and other reserve funds.

142. TREASURY SECURITIES

This account shall include the par value of capital stock represented by certificates which are signed and sealed and placed with the proper officer for sale and delivery, or pledged; and the par value of long-term debt securities that have been certified by trustees and placed with the proper officer for sale, or pledged.

201. CAPITAL STOCK

This account shall include the total par value of outstanding, reacquired and treasury capital stock. In case of the issuance of two or more classes of capital stock, such as common and preferred, a sub-account shall be provided for each class.

If capital stock is paid for in installments, stock to be issued when fully paid, a sub-account entitled "Installments on Capital Stock" shall be provided, to which shall be credited the amounts of installments received by the utility; when stock certificates are issued to stockholders, this sub-account shall be charged and the appropriate capital stock sub-account shall be credited.

202. PREMIUM ON CAPITAL STOCK

This account shall include the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued, and accrued dividends, if any, expressed in the contract of issue. A separate ledger account shall be maintained for the premium realized on each class of stock. Entries in these accounts shall be carried therein until offset by credits to Surplus upon reacquisition of the stock, or by credits to "Cash" or similar account if the utility elects to distribute to its stockholders all or any part of the premium realized on its stock.

203. CITY EQUITY

This account shall include the amounts advanced by the city for the purpose of acquiring ownership in the utility.

211. LONG-TERM DEBT

This account shall include the par value of all bonds, notes, mortgage certificates, receivers' certificates, and other evidences of indebtedness issued or assumed by the utility which are not due and payable until after one year from date of issue. In case of the issuance of two or more classes of long-term debt a separate sub-account shall be provided for each class.

221. NOTES PAYABLE

This shall include the par value of all notes, drafts, and other evidences of debt issued or assumed by the utility, which are payable on demand or within one year from date of issue.

NOTE.—Notes payable more than one year from date of issue shall be included in account No. 211, "Long-Term Debt".

222. ACCOUNTS PAYABLE

This account shall include all amounts owing to other companies, firms, and individuals on open account except such as are includable under account No. 241, "Advances from Affiliated Companies". This will include miscellaneous unpaid bills, audited vouchers unpaid, matured interest unpaid, and similar items.

223. CONSUMERS' DEPOSITS

This account shall include the amounts deposited with the utility by consumers as security for the payment of bills. De-

posits refunded shall be charged to this account and credited to "Cash" or to account No. 126, "Special Deposits," if a special fund for such deposits is maintained. Deposits applicable to uncollectible or worthless bills shall, at the close of the year (or earlier at the option of the accounting utility), be credited to the account of the consumer involved and debited to this account.

224. DIVIDENDS DECLARED

This account shall include the amount of any dividends which have been declared but not paid. Dividends shall be credited to this account as of the day upon which they become a liability of the accounting company (which is generally the date upon which they are declared), and when paid shall be charged to this account and credited to "Cash" or other suitable account.

225. MISCELLANEOUS CURRENT LIABILITIES

This account shall include all amounts representing current liabilities not specifically provided for in the foregoing accounts. (See, "Balance-Sheet Accounts—General Instructions and Definitions," Section 7, page 8.)

231. TAXES ACCRUED

This account shall include all unpaid taxes chargeable to the period prior to the date of the balance sheet. Utilities that desire to charge each accounting period with the taxes accrued during that period may do so by periodic credits to this account and corresponding debits to the appropriate accounts for tax charges. Such credits will necessarily be based on estimate, but from time to time during the year as the actual tax levies become known, the amount of the periodic credits shall be adjusted so as to include in each year the taxes applicable thereto.

If this practice is not followed the amount of the tax liability should be ascertained at the close of the year and the proper amount credited to this account before the books are closed, corresponding debits being made to the appropriate accounts for tax charges.

This account should be charged and "Cash" or other suitable account credited when any tax is paid that has been included herein.

Municipal utilities shall accrue for the local tax which the utility would be required to pay to the General Fund were it privately owned. If the property is not assessed by the tax assessor, a satisfactory assessment valuation may be obtained by applying the local assessment ratio to the book value of the property. The local tax can then be computed by applying the local tax rate to this assessment value.

NOTE.—By local tax rate is meant the total tax rate less that portion assessed for county and state purposes.

232. INTEREST ACCRUED

This account shall include all unpaid interest on indebtedness of the utility chargeable to the period prior to the date of the balance sheet but not due or payable until some future date.

Utilities shall charge to each accounting period the interest accrued during that period by periodic credits to this account and corresponding debits to the appropriate accounts for interest charges.

This account should be charged and "Cash" or other suitable account credited when any interest is paid that has been included herein.

When interest matures without being paid it shall be charged to this account and credited to account No. 222, "Accounts Payable".

Payments of interest to trustees (or other agents) of the holders of bonds or other securities which release the paying company from further liability for such interest shall be considered equivalent to payments of interest direct to bond holders, and, if such interest has been accrued, shall be charged to this account.

233. MISCELLANEOUS ACCRUED LIABILITIES

This account shall include the balances in all accounts representing accrued liabilities other than interest or taxes.

241. ADVANCES FROM AFFILIATED COMPANIES

This account shall include the par value of non-negotiable notes due to affiliated companies, credit balances in open accounts with such companies other than credit balances in credit accounts classable as current liabilities, and interest accrued on notes and open accounts included in this account when such interest is not subject to current settlement. Two companies are affiliated if either one controls the policy of the other, or if both are subject to the same control.

242. ADVANCES FROM CITY

This account shall include the amounts advanced by the city as temporary loans to be repaid by the utility. Amounts advanced by the city which the utility will not be called upon to repay shall be credited to account No. 203, "City Equity".

251. RETIREMENT RESERVE

This account shall be credited and Retirement Expense charged with amounts sufficient to provide a reserve against which may be charged the original cost of all property retired from service, plus the cost of dismantling, less salvage. The object of this

account is to equalize, as nearly as is practicable, from year to year, the losses incident to the retirement of property and plant but with due regard for the amounts of earnings available for the purpose in each year. For this reason the utility should determine upon a percentage of the property and plant value which should be provided annually to maintain this reserve and apply such percentage to the property and plant value at the beginning of each accounting period to arrive at the amount to be charged to Retirement Expense and credited to this account during that period.

When any property and plant is retired from service the original cost thereof (estimated if not known, and, when estimated, the facts on which the estimate is based should be stated in the entry) should be credited to the proper property and plant account and charged to this account. This account shall also be charged with the cost of removing or dismantling any property retired and credited with any salvage realized.

This account shall also be charged with the cost of repairing property damaged by fire or other casualty and credited with any insurance recovered on property damaged or destroyed.

NOTE.—If the accounting utility has, previous to the effective date of this uniform classification of accounts, maintained a reserve under the title of "Depreciation Reserve" for the purpose of equalizing retirement losses, the balance in such reserve, as at the effective date of this classification, shall be transferred to this account.

252. SINKING–FUND RESERVES

This account shall include the net balances in accounts to which are credited, in accordance with the requirement of mortgages and other contracts, or by action of the company's directors, definite appropriations of income and surplus whether held in general funds or specifically set aside in the hands of trustees, for the purpose of retiring or redeeming bonds or other obligations of the accounting utility. It shall also include such accretions from the investment of funds specifically set aside for the above-described purpose as are required to be added to the fund.

When the debt which the sinking fund is created to redeem matures, and the fund has accomplished its purpose, the balance in the reserve shall be charged to this account and credited to Surplus. If the mortgage or other obligation permits, the par value of bonds or other evidences of indebtedness issued or assumed by the accounting utility which are reacquired through the operations of a sinking fund, may be charged to this account and credited to Surplus when and as such bonds or other evidences of indebtedness are acquired.

253. UNAMORTIZED PREMIUM ON DEBT

When long-term debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value (exclusive of accrued interest) is greater than the par value of such securities or other evidences of indebtedness, the excess of such cash value of the consideration received over the par value of the securities or other evidences of indebtedness shall be credited to this account. At regular accounting intervals thereafter a proper portion of such premium, based upon the life of the security or other evidence of indebtedness to maturity, shall be charged to this account and credited to account No. 670, "Amortization of Premium on Debt—Cr." in the income account.

When any long-term debt which was originally sold at a premium is retired prior to its maturity date this account shall be charged with the full amount of the premium applicable to the securities retired which is unextinguished at the date of retirement. This amount should be credited to "Surplus Account".

254. CONTRIBUTIONS FOR EXTENSIONS

To this account shall be credited contributions in money or property made to the accounting utility for the purpose of assuming the burden, or any part of the burden, represented by the investment necessary for the establishment or extension of services rendered by the utility. This covers such items as contributions toward the cost of line extensions in sparsely settled territory made by consumers, either voluntarily or when lawfully required by the utility as a condition of giving the desired service, and the cost of services to which the utility has title, in so far as such cost is borne by the consumer; it also covers grants from municipal or other governmental bodies, or contributions from chambers of commerce and similar organizations, made with the object of establishing a new service in the community by assuming part of the investment cost of the enterprise.

255. MISCELLANEOUS RESERVES

This account shall include the balances in all reserves other than those provided for in the four preceding accounts.

261. MISCELLANEOUS UNADJUSTED CREDITS

This account shall include the amount of credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received.

270. SURPLUS

The balance in this account shall show the net unappropriated profit or loss resulting from the operation of the utility to the

date of the balance sheet. In case this account shows a debit balance it shall be shown on the balance sheet in red ink.

The net income (or loss) for the year as shown by the Income Account shall be transferred to this account. This account shall also be credited or charged with any adjustments affecting the asset and liability accounts and any miscellaneous gains or losses which are not attributable to the operations for the year as shown by the Income Account. This includes such items as:

Profit or loss resulting from the sale of miscellaneous investments;

Credits or debits resulting from adjustments required to bring to par securities issued or assumed by the accounting utility and reacquired at an amount greater or less than par. Unextinguished premiums or discount and expense on funded debt reacquired before maturity. Premiums on capital stock at the time of its reacquirement. (See, "Balance-Sheet Accounts—General Instructions and Definitions," Sections 10 and 11, page 9.)

Donations to charitable institutions and organizations for promoting social welfare.

Penalties and fines for violations of law.

PROPERTY AND PLANT ACCOUNTS

Intangible:

301. Organization
302. Miscellaneous intangible capital

Tangible:

311. Land (Used in operation of property)
312. Structures and improvements to grounds
313. Boiler-plant equipment
314. Other steam-power generating equipment
315. Reservoirs, dams, and waterways
316. Other hydraulic-power generating equipment
317. Gas-power generating equipment
318. Conversion equipment
319. Transmission and distribution system
320. Line transformers
321. Consumers' meters
322. Street-lighting equipment
323. Office equipment
324. Transportation equipment
325. Miscellaneous equipment
326. Undistributed construction overhead costs
327. Property and plant not classified by prescribed accounts

PROPERTY AND PLANT ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

1. **Property and Plant Defined.**—By the term property and plant or fixed capital of a utility is meant the property, both tangible and intangible, which is devoted to the accomplishment of the principal purposes of its business, and which has an expectation of life in service of more than one year from date of installation in service.

2. **Tangible and Intangible Capital and Overhead Costs.**—Tangible capital covers all physical property classed as property and plant. Charges to specific accounts for tangible property cover direct labor and material costs up to and including the time of the foreman supervising the job; also, such overhead expenditures for engineering, taxes during construction, etc., as can be allocated to definite items of property. Charges to "Undistributed Construction Overhead Costs" should cover only expenditures of this nature which pertain to the enterprise as a whole, and cannot be allocated to definite items of property. Intangible capital covers organization expenditures and rights, privileges, and other property not physical, such as franchises or patent rights.

So far as possible, overhead costs should be assigned or apportioned to particular jobs or items to the end that each item shall bear its proper share of such cost, and that the entire cost of the item, both direct and overhead, shall be deducted from the property and plant accounts at the time of its retirement. Certain overhead costs, however, which clearly pertain to the entire enterprise, such as, in some cases, engineering, interest, etc., should not be apportioned, but retained in "Undistributed Construction Overhead Costs" so long as the enterprise continues under the form in which it started.

These instructions should not be interpreted as permitting the addition to the property and plant accounts of arbitrary percentages to cover assumed overhead costs, but only as requiring the assignment or apportionment to particular accounts for tangible property of actual and necessary overhead expenditures.

3. **Property and Plant to be Entered and Retained on Books at Cost.**—All charges to the property and plant accounts shall be at the actual cost of the property acquired at the time of its acquisition. A bona fide contract or agreement of purchase and sale between entirely separate parties shall be

prima facie evidence of actual cost. Each item of property shall be carried in the property and plant accounts at no more and no less than its actual cost unless, or until, such property is abandoned, replaced, reconstructed. or converted, when the accounting shall be as hereinafter set forth. The foregoing shall not, however, be interpreted to forbid the inclusion in the property and plant accounts of undistributed book values which have been carried prior to the effective date of a prescribed uniform system of accounts, and which may or may not represent the actual cost of property in service, but the inclusion of such book values in the property and plant accounts shall be without prejudice to any future determination of the actual cost of the property. The term "cost" includes not only the cost of labor, material, and supplies directly employed or consumed in the construction and installation of property and plant, but also the cost of preliminary plans and surveys and such portion of the expenses for engineering and plant supervision and of general expenses as may be chargeable to the property and plant accounts under an equitable plan for apportionment of such expenses.

4. **Application of Classification.**—The accounts in this classification shall include all expenditures for property and plant regardless of the way in which the funds for the construction or acquisition have been provided. Such expenditures shall not be charged to Operating Expenses, Income, Surplus, or to special funds in such manner as to exclude from the property accounts any expenditures for property and plant.

These accounts shall also include the necessary credits to represent the cost originally charged to them of property or equipment abandoned, destroyed, sold, or otherwise retired from service. Whenever the term "original cost" is referred to in this classification, and such cost can not be ascertained, an estimate of the original cost shall be used.

5. **Salvage and Insurance.**—Salvage, as the term is employed in this classification, means the value to the accounting utility, based upon a fair market price, of equipment or other material recovered in the process of repairing, replacing, or abandoning plant and equipment; or the net amount received from its sale if the material is not retained by the accounting utility. Salvage recovered in connection with a replacement or abandonment involving a deduction from the property and plant accounts shall be credited to the Retirement Reserve. Salvage recovered in connection with ordinary maintenance expenses not involving deductions from the property and plant accounts shall, so far as practicable, be credited to the appropriate operating-expense accounts. Insurance recovered on property damaged or destroyed shall be credited to the Retirement Reserve.

6. **Withdrawals or Retirements.**—To the end that the property and plant accounts shall at all times disclose the cost of all property in service, the cost of retired property and plant (whether replaced or not), must be deducted from (i.e., credited to) the account, or accounts, in this classification to which such cost is charged. Every utility should therefore take such measures and establish such procedure as will insure strict compliance with these requirements. When anything is worn out, lost, sold, destroyed, abandoned, surrendered upon lapse of title, becomes permanently unserviceable, or is withdrawn or retired from service for any other reason, the amount at which such thing stood charged in the property and plant accounts shall be credited to the appropriate property and plant account, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing retired. If there is no such original entry that fact shall be stated in connection with the credit entry. If the amount originally charged (i.e., the ledger value) is not separately recorded, it shall be taken to be the proportionate share of said property in the value of the entire group in which the property is included. The entry shall state the fact of such estimation.

Credits for original cost of property retired should include such part of the overhead cost as is equitably assignable to the item retired.

When the cost of retired property is credited to the appropriate property and plant accounts it shall be concurrently charged to account No. 251, "Retirement Reserve".

The cost of dismantling, tearing down, or removing any discarded plant or equipment shall be considered a part of the retirement loss and charged to the "Retirement Reserve". When any replacement takes the form of reconstructing or converting existing property in such a way that the cost of the entire project cannot be accurately assigned as between the cost of putting in the new property and the cost of taking out the old, no greater proportion of the cost of the project shall be charged to property and plant accounts than would equal the cost of new plant or equipment having equivalent capacity and expectation of serviceable life. Such part of the cost of a reconstruction project as is not chargeable to property and plant shall be considered a retirement loss and charged to the "Retirement Reserve".

The foregoing instructions do not apply to the retirement of those minor parts, the charges for replacing which are made directly to expense accounts.

7. **Salvage from Equipment, Tools, etc.**—When the cost of any work equipment, machinery, tools, or materials and supplies obtained for use in construction work has been charged to accounts in this classification, and the entire value thereof has not

been consumed in the work, the residual value of such work equipment, machinery, tools, or materials and supplies shall be credited upon the completion of the work to the accounts to which originally charged, and concurrently charged to the material and supply account or other appropriate accounts.

8. **Separate Accounts for Joint Property and Plant.**—If the utility is operating in connection with the electric department other departments, such as a water or gas department, and two or more of the departments make joint use of any property such property should be accounted for separately as joint property of the particular departments enjoying its use, and should be so reported to the Commission.

9. **Gas-Power Generation Covers Internal-Combustion Engines.**—Where the property and plant accounts for generating plant are described by the use of the word "Gas" the term is used as applying to all internal-combustion engines.

10. **Subdivision of Transmission and Distribution Accounts.**—All accounts relating to transmission and distribution systems may be subdivided between transmission and distribution.

TEXT PERTAINING TO PROPERTY AND PLANT ACCOUNTS

301. ORGANIZATION

This account shall include all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it into readiness to do business. This covers cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans or for the purchase of bonds or other evidences of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from state authorities, and other like costs; also, costs incident to preparing and filing certificates of authorization of increase of capital stock and to the negotiation and issue of stock thereunder, and of preparing and filing certificates of amendment of articles of incorporation. This account should not include any discount on securities issued, nor should it include any costs incident to negotiating loans or selling bonds or other evidences of indebtedness.

NOTE.—Cost of preparing and filing papers in connection with the extension of the term of incorporation, or with reincorporation consequent upon reorganization, should be charged to account No. 590, "General and Miscellaneous Expenses," or the appropriate subdivision thereof.

302. MISCELLANEOUS INTANGIBLE CAPITAL

This account shall include the cost of franchises, patent rights, licenses, privileges, and other intangible property not elsewhere provided for; and all other fixed-capital charges which are not specifically assignable to some other account in this classification.

311. LAND (Used in operation of property)

To this account shall be charged the cost of all land used and useful in the operation of the electric utility to which it holds title or rights having a life of more than one year. This covers land for generating stations, sub-stations, office buildings, warehouses, garages, for storage purposes, rights of way for transmission or distribution lines, etc., water rights and rights of pondage, flowage and submersion. It shall also include the first cost of acquiring lease-holds of land for rights of way with lives of more than one year.

The cost of land shall include the purchase price, the cost of registration of title, cost of examination of title, surveyors' and notaries' fees, purchasing agent's commission, the fees and taxes to date of transfer of title, and all liens upon title acquired; also, the cost of obtaining consents and payments for abutting property damages. The cost of any buildings, fixtures, and improvements made to the land purchased must not be charged to this account. If at the time of acquisition of any interest in land it extends to buildings or other improvements thereon, which improvements are devoted by the electric utility to its electric service and the contract of acquisition does not determine the price of such buildings or improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to account No. 312, "Structures and Improvements to Grounds," and excluded from this account. If such improvements are not devoted to electric operations, but are devoted to other operations or are held as investment, the cost (or appraised value if the cost is not determined by the contract) shall be charged to Miscellaneous Investments Account.

This account should also be charged with all special assessments levied by public authorities on the basis of benefits received therefrom for streets and other public improvements, such as new roads, new bridges, new sewers, new pavements, etc., but not any taxes levied to provide for maintenance of such improvements.

312. STRUCTURES AND IMPROVEMENTS TO GROUNDS

To this account shall be charged the cost of all buildings, structures, and improvements to all land used and useful in the generation, distribution, and sale of electric energy.

Buildings shall include all fixtures attached to and forming a permanent part thereof, such as water pipes and fixtures, furnaces, boilers, steam pipes and fixtures for heating and ventilating, gas pipes and fixtures for lighting, etc., electric wiring, and fixtures for lighting. This account also includes cost of excavations, brick, or concrete chimneys, and such piers and foundations for machinery and apparatus as are designed to be as permanent as the buildings, and independent of their use in connection with any particular units of equipment. Charge also the cost of architect's plans and of superintendence of construction.

Improvements to land include roadways, fences, sidewalks, sewer systems, water systems, yard-lighting systems, grading and landscape gardening, docks, and water-front improvements, railroad tracks, tramways and trestles, canals, bench marks.

monuments, and any other permanent structures which are an improvement to the property.

313. BOILER-PLANT EQUIPMENT

Charge to this account the cost of all equipment devoted to the production of steam for use in generating electric energy. Charge with the cost of furnaces, boilers, their foundations and settings, boiler fittings, iron and steel smoke-stacks, feed pump, water-feed pipe, injectors, economizers, water heaters, superheaters, steam pipes from the boilers to the engine throttle valves, steam-exhaust system, boiler-water purification equipment, mechanical stokers, cranes, coal and ash conveyors, steam traps, crushers, and similar auxiliary equipment in the boiler plant.

314. OTHER STEAM-POWER GENERATING EQUIPMENT

This account shall include the cost of all steam engines, turbines, electric-generating apparatus, motor-driven exciter sets, etc., used in connection with the generation of electric energy by steam power. This covers the specially provided foundations and the installation of such equipment, switchboards, circuit breakers, switches, instruments, conductors, and other electrical apparatus connected thereto. This account shall also include the cost of all miscellaneous steam-plant tools and equipment having a life of more than one year.

315. RESERVOIRS, DAMS, AND WATER WAYS

Charge to this account the cost of all dams, reservoirs, canals and flumes, including the cost of clearing and preparing the land devoted to the production of hydraulic power and the delivery of water to the head-gate of the water wheels or turbines. Also, charge with the cost of wasteways from the outlet of the draft tube to the point of final discharge, including the cost of all gates, valves, and other accessories, wasteways, sluices, forebays, etc., used in the development of hydraulic power, and all accessory canals and aqueducts.

316. OTHER HYDRAULIC-POWER GENERATING EQUIPMENT

This account shall include the cost of all turbines, waterwheels, electric-generating apparatus, turbine-driven generator units, motor-driven exciter sets, etc., used in connection with the generation of electric energy by hydraulic power. This covers specially provided foundations and settings for such units; air and circulating pumps, lubricating systems, valves, governors, draft tubes, switchboards, circuit breakers, switches, conductors, and other electrical apparatus connected thereto.

This account shall also include the cost of all miscellaneous hydro-electric power-plant tools and equipment having a life of more than one year.

317. GAS-POWER GENERATING EQUIPMENT

This account shall include the cost of all gas engines, Diesel engines, oil engines, other internal-combustion engines, electric-generating apparatus, motor-driven exciter sets, etc., used in connection with the generation of electric energy by gas power. This covers the specially provided foundations and the installation of such equipment, switchboards, circuit breakers, switches, instruments, conductors, and other electrical apparatus connected thereto. This account shall also include all miscellaneous gas-power plant tools and equipment having a life of more than one year.

318. CONVERSION EQUIPMENT

This account shall include the cost installed, whether in a generating station or sub-station, of transformers, rotary convertors, motor generators, frequency changers, regulators, switchboards, and connecting equipment, etc., used primarily for changing electric energy in voltage, frequency, or type for the purpose of transmitting or distributing it more efficiently. This also covers outdoor sub-stations complete, including foundations, fences, supporting framework, etc., sub-station equipment installed on consumer's premises; and other conversion equipment.

This account does not include line transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumer.

319. TRANSMISSION AND DISTRIBUTION SYSTEM

Charge this account with the cost of transmission and distribution systems, including customers' services. This shall include all towers, poles, cross-arms, braces, brackets, insulator pins and other pole fixtures, guys, and other pole and tower supports, and all cables, wire, line cut-out switches, insulators, and insulating material, meter-protection devices, such as enclosing meter boxes designed to prevent tampering with the meter or the meter connections, etc. It shall also include all underground conduits, conductors, and devices.

This account does not include any equipment used for changing electric energy in voltage, frequency, or type for transmitting or distributing it more efficiently, nor does it include line transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumer.

320. LINE TRANSFORMERS

Charge this account with the cost of all line transformers (both overhead and underground), pole-line lightning arresters, transformer cut-out boxes, etc., including the cost of labor and incidental expenses required for the original installation of the same. By line transformers is meant all transformers installed for stepping down current from transmission or distribution voltages to the voltage at which the energy is purchased by general consumers.

321. CONSUMERS' METERS

Charge this account with the cost of all meters, current-limiting devices and appurtenances used, or to be used, in measuring or determining the amount of electric energy delivered to consumers, including the cost of labor and incidental expense required for the original installation of the same. This shall include, in addition to the cost of the meters proper, such incidentals as the cost of meter badges and their attachment to the meters, testing and storing new meters, and the first set of meter fittings, connections, and shelves.

322. STREET-LIGHTING EQUIPMENT

This account shall include the cost to the accounting utility of all lighting equipment operated and maintained for street-lighting purposes. This will include public arc and incandescent lamps and their suspension devices; also, ornamental lamp posts and fixtures for public incandescent lamps, including the lamps. This account does not include the circuits nor poles and fixtures supporting the circuits.

NOTE.—In the foregoing account the word "street" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

323. OFFICE EQUIPMENT

This account shall include the cost of all office and service equipment not permanently attached to buildings, wherever located, such as desks, chairs, tables, movable safes, filing cabinets, drafting-room equipment, typewriters, adding-machines, addressographs, portable lamps, lockers, clocks, fans, pulmotors, mechanical office appliances, floor coverings, and other like office appliances and equipment. Small articles of slight value or of short life should not be charged to this account but to the appropriate operating-expense account.

324. TRANSPORTATION EQUIPMENT

This account shall include the cost of equipment used for general transportation purposes, such as automobiles, motor-

trucks, trailers, motor cycles, garage equipment, horses, harness, drays and wagons.

325. MISCELLANEOUS EQUIPMENT

This account shall include the cost of shop equipment, storeroom equipment, meter and other testing apparatus, and other miscellaneous equipment of a permanent nature not elsewhere provided for.

NOTE.—The cost of small portable tools and implements, such as hammers, saws, wrenches, files, jacks, wire-cutters, climbing irons, pliers, etc., shall not be charged to this account but to the construction or operating-expense account receiving the benefit of the use of such tools.

326. UNDISTRIBUTED CONSTRUCTION OVERHEAD COSTS

This account shall include all construction overhead expenditures which cannot be assigned to particular tangible property and plant accounts. Construction overhead expenditures include such items as engineering and superintendence, law expenditures in connection with construction work, injuries and damages expenses incurred during construction, taxes and assessments levied on property under construction, interest during construction, insurance during construction, and general expenses during construction.

This account shall include also such proportion of the discount and expense on long-term debt issued for construction purposes as is equitably assigned to the period between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for the service for which it is intended. The proportion of discount and expenses thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired or constructed and the period of the entire life of the securities issued.

327. PROPERTY AND PLANT NOT CLASSIFIED BY PRESCRIBED ACCOUNTS

Under this head shall be grouped the balances in accounts representing the accounting utility's investment in property and plant prior to the effective date of this classification that cannot be immediately assigned to any of the foregoing accounts. This account shall also be charged with the cost to the accounting utility of any plant purchased as a whole when such cost is not immediately assignable to primary property and plant accounts.

This account shall be used only as a clearing account in which temporarily to carry the cost of property and plant until such

time as a plan for distributing such cost to the appropriate primary accounts is approved by the Commission.

NOTE.—The accounting utility should procure in connection with the acquisition of any plant and equipment all existing records, memoranda, and accounts in possession or control of the grantor relating to the construction and improvements of such plant and equipment, and preserve such records, memoranda, and accounts until authorized by the Commission to destroy or otherwise dispose of them. Where the records, memoranda, and accounts are so intimately involved with other records, memoranda, and accounts of the grantor as to make their transfer impracticable or inadvisable, certified copies of them should be procured by the grantee.

STANDARD FORM OF INCOME ACCOUNT

OPERATING REVENUES

D	C	401	Urban lighting revenues
D	C	402	Urban power revenues
D	C	403	Urban cooking revenues
D	C	404	Rural revenues
D	C	405	Municipal street-lighting revenues
D	C	406	Municipal power revenues
D	C	407	Sales to other public utilities
D	C	408	Merchandise and jobbing
D	C	409	Miscellaneous operating revenues
			Total operating revenues

OPERATING EXPENSES

D		500	Steam-power generation
	C	501	Boiler-plant superintendence and labor
	C	502	Fuel for steam
	C	503	Boiler-plant supplies and expenses
	C	504	Steam expenses transferred to other departments—Cr.
	C	505	Steam purchased
	C	506	Generating superintendence and labor
	C	507	Generating-plant supplies and expenses
			Total steam-power generation
D		510	Hydro-electric generation
	C	511	Superintendence and labor
	C	512	Power-plant supplies and expenses
	C	513	Water for power
			Total hydro-electric generation
D		520	Power generation—Internal-combustion engines
	C	521	Superintendence and labor
	C	522	Fuel for internal-combustion engines
	C	523	Power-plant supplies and expenses
			Total power generation—Internal-combustion engines
D	C	531	Electric energy purchased
D	C	532	Production expenses transferred—Cr.
			Total generation

D		540	Conversion expenses
	C	541	Conversion superintendence and labor
	C	542	Conversion supplies and expenses
			Total conversion expenses
D		550	Transmission expenses
	C	551	Transmission superintendence and labor
	C	552	Transmission supplies and expenses
			Total transmission expenses
D		560	Distribution expenses
	C	561	Distribution superintendence and labor
	C	562	Distribution supplies and expenses
			Total distribution expenses
D		570	Utilization expenses
	C	571	Customers' premises expense—Labor
	C	572	Customers' premises expense—Supplies and expenses
	C	573	Street-lighting expenses—Labor
	C	574	Street-lighting expenses—Supplies and expenses
			Total utilization expenses
D		580	Commercial expenses
	C	581	Commercial labor
	C	582	Commercial supplies and expenses
			Total commercial expenses
D		590	General and miscellaneous expenses
	C	591	General-office salaries
	C	592	General-office supplies and expenses
	C	593	Transportation expenses
	C	594	Miscellaneous general expenses
	C	595	Electric expenses transferred—Cr.
			Total general and miscellaneous expenses
			Total of above expenses
D	C	610	Retirement (Depreciation) expense
D	C	620	Taxes assignable to electric operations
			Total operating expenses
			Operating income
D	C	630	Non-operating income
			Gross income

Deductions from Gross Income

D	C	640	Interest on long-term debt
D	C	650	Miscellaneous interest
D	C	660	Amortization of debt discount and expense
D	C	670	Amortization of premium on debt—Cr.
D	C	680	Miscellaneous deductions from gross income
			Total deductions
			Net income

Disposition of Net Income

D	C	710	Sinking-fund appropriations
D	C	720	Dividend appropriations
D	C	730	Appropriations to municipal funds
D	C	740	Miscellaneous appropriations
			Balance transferred to surplus

INCOME ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

1. **Income Accounts Defined.**—The income accounts are those that show the sources and disposition of income during a given period. Any change in the items shown on a balance sheet at the end of such a period as compared with a balance sheet at the beginning of the period, which is not merely a transfer from one balance-sheet account to another, that is to say, any transaction which affects the balance in the surplus account, must be explained by the income accounts or by detailed entries direct to the surplus account. A summary statement of income accounts arranged in convenient form to show the accounting history of a given period is usually called collectively the "Income Account". Income accounts whose title and definition plainly indicate that they are summaries of other accounts are not required to be set up as special ledger accounts, though it may often be a matter of bookkeeping convenience to do so.

2. **Form of Income Account.**—The form in which the income account is stated is determined by considerations of convenience and clarity. The standard form adopted for the purpose of this classification is shown on pages 34 to 36. In this form of statement there are certain terms used to indicate divisions of the income account which require special definition, given in the following paragraphs:

3. **Revenues.** The word revenues as used herein means all amounts of money which the accounting utility receives or becomes lawfully entitled to recover for services rendered, for products sold, as profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as operating revenues and non-operating revenues.

4. **Operating Revenues.**—Operating revenues are those derived from the sale of products and merchandise, from services rendered, from return on property used by the accounting utility in its own operations, and from interest on current funds.

5. **Basis of Credits to Operating-Revenue Accounts.**—Credits to the various revenue accounts shall be made upon the basis of bills rendered and not on the basis of cash collections. If credits are made to the various revenue accounts of the utility on the basis of gross rates, all discounts for prompt payment shall be charged to the revenue accounts to which they relate.

If credits are made to the revenue accounts on the basis of net rates all discounts forfeited or penalties imposed for delayed payments shall be credited to the revenue accounts involved. All corrections of over-charges, over-collections theretofore credited and afterwards corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue accounts to which they relate.

6. **No Revenue from Electric Energy Transferred to Other Departments.**—When any portion of the electric energy produced by an electric utility is used by another department, such as a water department, operated jointly with the electric department, the value of such energy shall not be credited to the revenue accounts of the electric utility. An equitable proportion of the direct cost of all electric energy generated and purchased during each accounting period shall be credited to "Production Expenses Transferred—Cr." and charged to the proper operating-expense accounts of the other department.

7. **Non-Operating Revenues.**—Non-operating revenues are those derived as a return upon the property of the accounting utility not used in public utility operations and on investments, including the income on cash, securities (not issued or assumed by the accounting utility), and other assets held in sinking or special funds. These may consist of rents, interest, dividends, and miscellaneous revenues.

8. **Expenses.**—Expenses are divided into operating expenses and non-operating expenses.

The term operating expenses, as used in this classification, means such expenses as are necessary to the maintenance of the corporate organization, the rendering of service required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of commodities produced and the collection of the revenues therefrom.

The term non-operating expenses, as used in this classification, means such expenses as are incident to the collection of non-operating revenues and the operation and maintenance of property from which non-operating revenues are derived.

9. **Definitions of Certain Terms Used in Connection with Expense Accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts the following words, wherever used hereunder, have the meanings stated below:

Cost means cash or money cost, and not price, based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the accounting utility, such as packing, drayage, freight, insurance, customs, duties, commissions, etc., and cost of any special tests made thereon prior to their acceptance.

Maintenance includes such expenses necessary to maintain the tangible property in a state of operating efficiency as do not result in a substantial change of identity in any particular unit of property. It includes the cost of minor replacements of small parts, commonly called the cost of repairs, but it does not include the cost of replacing individual structures; facilities, or units of equipment, or important sections of continuous structures such as electric line. The cost of replacing the larger units is chargeable to fixed capital from which the cost of the property replaced must be deducted.

10. **Insurance.**—In cases where the utility suffers a loss from fire or other casualty, the amount of insurance recovered shall be credited to the Retirement Reserve. If the damage suffered can be repaired without a complete renewal of the property the cost of the repair shall be charged to the same account. If the property is completely destroyed the original cost thereof shall be credited to the appropriate property and plant account and charged to the Retirement Reserve. If the property is replaced the cost of such replacement shall be charged to the appropriate property and plant account.

Dividends distributed by mutual insurance companies shall be credited to General and Miscellaneous Expenses or the appropriate subdivision thereof.

11. **Delayed Income Items.**—Delayed items are those representing transactions which occurred prior to the period covered by the income account, but which were not recorded currently. Such items may be charged or credited to the appropriate income account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the income account for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the accounting utility may distribute the amount, or any part thereof, to surplus.

12. **Retirement Expense.**—An account is provided in which to include charges made in order that utilities may, through the creation of adequate reserves, equalize, from year to year, as nearly as is practicable, the losses incident to important retirements of buildings, dams, etc., or of large sections of continuous structures like electric line, or of definitely identifiable units of

plant or equipment. "Losses" used above means in each case the excess of the original cost to the accounting utility of the property retired, plus the cost of dismantling or removing, over its salvage value at the time of its retirement. The cost of replacing minor parts, which is not recorded by any entries in the property and plant accounts, and which is commonly called the cost of "repairs" or "maintenance" as distinguished from the cost of "replacements" of large units, need not be provided for through a retirement reserve. The amounts charged to retirement expense, plus amounts appropriated from surplus, should be upon a basis determined to be equitable according to the accounting utility's experience and best sources of information, and should in all cases be sufficient to provide during a period of years a reserve against which can be written off all losses sustained upon the retirement of property for any cause whatsoever.

13. **Income.**—Income is what is left after deducting expenses from revenues. *Operating Income* is income derived from the operation of the property of the utility devoted to public-utility service, including the sale of electrical merchandise. *Non-Operating Income* is income derived from properties not devoted to furnishing public-utility service and from properties not belonging to the accounting utility, but in which it has an interest through the ownership of stocks, bonds, or otherwise. *Gross Income* is income from all sources whatsoever. It might also be called total net revenue. *Net Income* is that amount left after all deductions for interest or other fixed charges and all contractual or compulsory deductions have been made from gross income.

14. **Classification of Utilities by Revenue.**—For the purposes of this classification of accounts electric utilities are divided into two classes, as follows:

Class C—Utilities having average annual operating revenues exceeding $15,000 but not over $50,000.

Class D—Utilities having average annual operating revenues exceeding $5,000 but not over $15,000.

In order that frequent changes may be avoided the class to which an electric utility belongs will be determined at the end of each fiscal year by the average of its annual operating revenues for the three consecutive years ending at that date. Each utility will be classed at the effective date of this classification according to its average operating revenues for the three years next preceding that date. If, at the close of any fiscal year following, the average of its annual operating revenues for the three next preceding years would place the utility in a different class from that in which it has been reporting it shall be grouped with such class. Utilities engaged in new enterprises, the annual revenue from which cannot be determined in advance, will

be classed in accordance with a reasonable estimate of their prospective revenue.

The classification of operating expenses which follows is adapted to utilities of both classes. Accounts are expanded and subdivided, as indicated, to meet the needs of each class, the letter D indicating the accounts to be kept by Class D utilities and the letter C indicating those to be kept by Class C utilities. Where subdivisions of accounts are kept as primary ledger accounts it will not be necessary to keep also the accounts which have been subdivided.

Each utility will be expected to keep, as far as they are applicable to its business, at least the accounts provided for the class to which it belongs. Any Class D utility may, however, keep any or all of the accounts of Class C if it so desires. Further refinements or extensions of the scheme of accounts to meet the needs of individual utilities may be made by subdividing the accounts herein established, provided that the integrity of the required accounts is not impaired.

In the text descriptive of the operating-expense accounts only the subdivisions of accounts are explained, and it shall be understood that the explanations of the subdivisions of each account taken together constitutes an explanation of the items to be charged to the main account by Class D utilities.

TEXT PERTAINING TO INCOME ACCOUNTS

OPERATING REVENUES

401. URBAN LIGHTING REVENUES

This account shall include all revenues derived from the sale of electric energy for lighting purposes to general customers served from any urban distribution system of the accounting utility.

402. URBAN POWER REVENUES

This account shall include all revenues derived from the sale of electric energy for power purposes to general customers served from any urban distribution system of the accounting utility.

403. URBAN COOKING REVENUES

This account shall include all revenues derived from the sale of electric energy for cooking purposes to general customers served from any urban distribution system of the accounting utility. This account shall be used only when the utility has in effect a special rate for energy used for this purpose and where such energy is metered separately from that used for lighting purposes.

404. RURAL REVENUES

This account shall include all revenues derived from the sale of electric energy to general customers of the accounting utility served under its rural extension rules. This will include the amount charged to customers as a fixed rural charge in addition to the charge for energy used.

405. MUNICIPAL STREET-LIGHTING REVENUES

This account shall include all revenues derived from the sale of electric energy for street-lighting purposes to municipal corporations or other organizations at rates not available to general lighting customers.

NOTE.—In the foregoing account the word "street" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

406. MUNICIPAL POWER REVENUES

This account shall include all revenues derived from the sale of electric energy for power purposes to municipal corporations at rates not available to general power customers. If energy is

sold to municipal corporations at the general urban power rate the revenue therefrom shall be included in account No. 402.

407. SALES TO OTHER PUBLIC UTILITIES

This account shall include all revenues derived from the sale of electric energy to other public utilities to be by them distributed over their own lines to customers. If any portion of such energy is incidentally used by such public utilities for their own benefit it shall be included herein if not separately measured or if included under the same contract with that which is distributed by them to customers.

408. MERCHANDISE AND JOBBING

This account shall be credited with all revenues derived from the sale of electric merchandise or from wiring and installation work performed by the utility for customers or others. This account shall be charged with the cost of all electric merchandise sold, all material used in wiring and installation work and all labor employed in connection with the same. The cost of merchandise and material shall include all transportation costs such as freight, express, and drayage. All discounts and allowances made in connection with the settlement of bills for merchandise and wiring shall be charged to this account.

NOTE.—The accounting utility shall keep this account in such a manner as to admit of a detailed analysis when called for by the Commission.

409. MISCELLANEOUS OPERATING REVENUES

This account shall include all revenues derived from electric operations not includable in any of the foregoing accounts. This covers such items as profit on the sale of materials and supplies not ordinarily purchased for resale, rent received for the use of property also used by the accounting utility in its own operations, sale of exhaust steam, interest on daily bank balances, etc.

OPERATING EXPENSES

D 500 STEAM-POWER GENERATION

C 501 BOILER-PLANT SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor in boiler room and elsewhere in and about the premises having to do with the generation of steam and the maintenance of boiler-plant buildings and equipment.

C 502 FUEL FOR STEAM

This account shall include the cost of all fuel used for steam, whether coal, oil, gas or other fuel, f.o.b. station

or storage pile. This will include the invoice cost of fuel, freight, switching, rent of railroad sidings, demurrage, cost of unloading from cars or boats to wagons, and cartage to point of delivery at plant for storage, or unloading from scows or cars and conveying to place of storage. In case coal is transferred from one place to another, this cost should also be included, and any discrepancy between the actual amount of coal on hand and that recorded on the books of the company should likewise be taken care of in this account.

C 503 BOILER-PLANT SUPPLIES AND EXPENSES

This account shall include the cost of water for boilers, boiler compound and the cost of all supplies, small tools, etc., used in the boiler room. This account shall also include the cost of supplies used and miscellaneous expenses incurred in the maintenance of boiler-plant buildings and equipment.

C 504 STEAM EXPENSES TRANSFERRED TO OTHER DEPARTMENTS—CR.

This account will be raised only by utilities operating in connection with electric departments other departments which make demand upon the same boiler plant.

When a demand of this character is made upon a boiler plant the cost of generating steam shall be carried in the foregoing accounts. The total cost of generating steam as then shown shall be apportioned to the departments using the steam, and the amounts chargeable to other departments shall be credited to this account.

The basis used for the apportionment of this cost among departments will be called for in the annual report to the Commission.

C 505 STEAM PURCHASED

This account shall include the cost of all purchased steam consumed in the generating plant.

C 506 GENERATING SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor employed in the operation of steam engines, electric-generating apparatus driven by steam power, and auxiliary equipment. It shall also include the labor used in the maintenance of steam-power generating-plant buildings and equipment.

C 507 GENERATING-PLANT SUPPLIES AND EXPENSES

This account shall include the cost of water used for condensers and for cooling engines, lubricants for machinery, and supplies, small tools, etc., used in the steam-power generating plant. It shall also include the cost of supplies used and miscellaneous expenses incurred in the maintenance of steam-power generating-plant buildings and equipment.

D 510 HYDRO-ELECTRIC GENERATION

C 511 SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor employed in the development of hydraulic power and the generation of electric energy therefrom. It shall also include the cost of labor used in the maintenance of all reservoirs, dams and waterways, and hydraulic-power plant buildings and generating equipment.

C 512 POWER-PLANT SUPPLIES AND EXPENSES

This account shall include the cost of lubricants for machinery and small tools, supplies, etc., used in the hydraulic-power generating plant. It shall also include the cost of supplies used and miscellaneous expenses incurred in the maintenance of reservoirs, dams and waterways, and hydraulic power-plant buildings and generating equipment.

C 513 WATER FOR POWER

This account shall include the cost of water purchased for hydraulic-power generation and assessments or fees paid reservoir companies.

D 520 POWER-GENERATION—INTERNAL-COMBUSTION ENGINES

NOTE.—In the following accounts having to do with power generation by internal-combustion engines, the term "Gas Power" has been used for convenience as referring to all types of internal-combustion engines.

C 521 SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor employed in the operation of internal-combustion engines, electric-generating equipment driven by gas power, and auxiliary equipment. It shall also include the cost of labor used in the maintenance of buildings and equipment devoted to the generation of electric energy by gas power.

C 522 FUEL FOR INTERNAL-COMBUSTION ENGINES

This account should include the cost of all fuel, such as kerosene, gasoline, and oil used in internal-combustion engines. Where the producer-gas process is used it should include the cost of fuel used for producing gas. This cost should be f.o.b. the power station, and should cover the invoice cost of fuel, freight, switching, rent of railroad sidings, demurrage, cost of unloading from cars or boats to wagons, and cartage to point of delivery at plant for storage. In case fuel is transferred from one place of storage to another this cost should also be included, and any discrepancy between the actual amount of fuel on hand and that recorded on the books of the utility should likewise be taken care of in this account.

C 523 POWER-PLANT SUPPLIES AND EXPENSES

This account shall include the cost of water used for cooling internal-combustion engines, lubricants for machinery and small tools, supplies, etc., used in the gas-power generating plant. It shall also include the cost of supplies used and miscellaneous expenses incurred in the maintenance of buildings and equipment devoted to the generation of electric energy by gas power.

D C 531 ELECTRIC ENERGY PURCHASED

This account shall include the cost at the point of delivery to the accounting utility of all electric energy purchased for resale.

D C 532 PRODUCTION EXPENSES TRANSFERRED—CR.

This account will be raised only by those utilities operating in connection with the electric department other departments which use a portion of the electric energy produced.

In those cases the total cost of generating electric current as shown by the foregoing accounts shall be apportioned to the various departments, and the amounts chargeable to other departments shall be credited to this account.

The basis used for the apportionment of this cost among departments will be called for in the annual report to the Commission.

D 540 CONVERSION EXPENSES

C 541 CONVERSION SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor employed in the care and operation of trans-

formers, rotary converters, motor generators, regulators, switchboards and connected equipment, etc., which are used primarily for changing electric energy in voltage, frequency or type for the purpose of transmitting or distributing it more efficiently, whether such equipment is installed in a generating station or a substation. It shall also include the cost of labor used in the maintenance of such equipment and substation buildings.

C 542 CONVERSION SUPPLIES AND EXPENSES

This account shall include the cost of supplies used and miscellaneous expenses incurred in the operation and maintenance of conversion equipment and substation buildings. It does not include the cost of operating or maintaining line transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the customer.

D 550 TRANSMISSION EXPENSES

C 551 TRANSMISSION SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor employed in the operation and maintenance of transmission lines.

C 552 TRANSMISSION SUPPLIES AND EXPENSES

This account shall include the cost of supplies used and miscellaneous expenses incurred in the operation and maintenance of transmission lines.

D 560 DISTRIBUTION EXPENSES

C 561 DISTRIBUTION SUPERINTENDENCE AND LABOR

This account shall include the cost of superintendence and labor employed in the operation and maintenance of distribution lines, line transformers, services, and customers' meters.

C 562 DISTRIBUTION SUPPLIES AND EXPENSES

This account shall include the cost of all supplies used and miscellaneous expenses incurred in the operation and maintenance of distribution lines, line transformers, services, and customers' meters.

D 570 UTILIZATION EXPENSES

C 571 CUSTOMERS' PREMISES EXPENSE—LABOR

This account shall include the cost of all labor furnished without charge to customers for inside work. This

will include attention to complaints or to improving the character of service, replacing or repairing wiring in electrical fixtures or appliances, moving appliances from place to place in customers' premises, reconnecting appliances, etc.

C 572 CUSTOMERS' PREMISES EXPENSE — SUPPLIES AND EXPENSES

This account shall include the cost of all supplies used and miscellaneous expenses incurred in connection with inside work performed for customers without charge.

C 573 STREET-LIGHTING EXPENSE—LABOR

This account shall include the cost of labor employed in the operation and maintenance of street-lighting equipment.

C 574 STREET-LIGHTING EXPENSE — SUPPLIES AND EXPENSES

This account shall include the cost of all supplies used and miscellaneous expenses incurred in connection with the operation and maintenance of street-lighting equipment.

D 580 COMMERCIAL EXPENSES

C 581 COMMERCIAL LABOR

This account shall include the cost of labor employed in reading meters, preparing and delivering bills, collecting and keeping the records of consumers' accounts.

C 582 COMMERCIAL SUPPLIES AND EXPENSES

This account shall include the cost of supplies used and incidental expenses incurred in connection with reading meters, preparing and delivering bills, collecting and keeping the records of consumers' accounts.

D 590 GENERAL AND MISCELLANEOUS EXPENSES

C 591 GENERAL-OFFICE SALARIES

This account shall include the salaries of general officers and directors and that portion of the salaries of general bookkeepers and office clerks not properly chargeable to Commercial Expenses. This account shall not include the entire salary of the general manager or other officer who acts as superintendent. The salary of such officer shall be assigned to the proper accounts on the basis of the time devoted to the various classes of work.

C 592 GENERAL-OFFICE SUPPLIES AND EXPENSES

This account shall include the cost of office supplies, stationery, telegrams, telephone service, maintenance of general-office buildings and furniture, office rent, heating of general offices, and all other miscellaneous expenses of like nature.

C 593 TRANSPORTATION EXPENSES

This account shall include the cost of operation and maintenance of automobiles, trucks, etc., owned by the accounting utility. This account shall not include any charges for freight, express, or drayage. Expenses of this nature shall be charged to the same accounts as the material to which they relate. (See account No. 115, "Materials and Supplies".)

C 594 MISCELLANEOUS GENERAL EXPENSES

This account shall include the cost of publishing annual reports, advertising notices of stockholders' meetings, dividend notices, and other miscellaneous notices of a general character, association dues, traveling and incidental expenses of general officers and other miscellaneous expenses connected with the general management not otherwise provided for. This account shall also include the cost of insurance, legal expenses, and injuries and damages, except such portion of said costs as may properly be charged to property and plant accounts.

At least once a year an inventory of materials and supplies should be taken and the difference between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to specific accounts.

C 595 ELECTRIC EXPENSES TRANSFERRED—CR.

This account shall include such part of the operating costs (other than production expenses, for which see production account No. 532, "Production Expenses Transferred—Cr.") borne in the first instance by the accounting utility's electric department as are properly chargeable to another co-ordinate department, such as a water or gas department.

This is not intended to prohibit the apportioning of primary accounts between departments, and so far as practicable departmental costs should be determined in that way. There may, however, be cases where it is desirable to assign to other operations a flat percentage of total

electric operating expenses or of some group of electric operating expenses or some similar arbitrary amount, and, in such cases, the credit should be made to this account.

D C 610 RETIREMENT (DEPRECIATION) EXPENSE

This account shall be charged and Retirement Reserve credited each accounting period with amounts sufficient to provide a reserve against which may be charged the original cost of all property retired from service, plus the cost of dismantling, less salvage.

D C 620 TAXES ASSIGNABLE TO ELECTRIC OPERATIONS

This account shall include the amount of taxes applicable to the electric operations of the accounting utility during the period for which the income account is stated.

Separate account shall be kept of taxes applicable to electric operations and to operations other than electric, as well as to non-operating revenues, if the accounting utility has such other operations or non-operating revenues. When taxes are levied on property used in two or more different classes of operations in such a way that the amount applicable to each class is not definitely stated, the total amount of the levy shall be apportioned by the accounting utility on some fair basis between the two or more classes of operations. In the annual reports to the Commission the basis of such apportionment shall be stated.

Municipal utilities shall charge to this account the local tax which the utility would be required to pay to the General Fund were it privately owned.

See account No. 231, "Taxes Accrued," for instructions as to method of accruing taxes.

NOTE A.—Taxes on property leased should be charged to the appropriate tax account by the party which under the terms of the lease contract actually pays such taxes.

NOTE B.—The tax accounts must not include any fees or charges, sometimes called taxes, which are payments for some specific service rendered by the government, such as water taxes. Special assessments levied by public authorities on the basis of benefits received for streets and other public improvements, such as new roads, new bridges, new sewers, new pavement, new curbing, etc., should not be charged to the tax accounts but to the appropriate property and plant accounts. See account No. 311, "Land (Used in operation of property)" page 27.

In cases where an electric department is operated jointly with other departments the following accounts shall be carried as joint accounts and will not be raised for each department.

D C 630 NON-OPERATING INCOME

This account shall be credited with all non-operating revenues received or accrued to the credit of the accounting utility, and shall be charged with all non-operating expenses incurred. The balance in this account shall be shown in the income account. (See, Income Accounts—General Instructions and Definitions, Sections 7 and 8, page 38.)

D C 640 INTEREST ON LONG-TERM DEBT

This account shall be charged with all interest accrued on long-term debt issued or assumed by the accounting utility, the liability for which is shown under account No. 211, "Long-Term Debt". This account does not include interest on securities held by the accounting utility in its treasury, in sinking or other special funds, or pledged as collateral.

NOTE A.—The amount charged to this account shall be concurrently credited to account No. 232, "Interest Accrued," to which account shall be debited payments made on account of interest. See account No. 232, "Interest Accrued" for method of accruing interest.

D C 650 MISCELLANEOUS INTEREST

This account shall include interest accrued on all short-term obligations of the accounting utility, such as notes or loans for terms of less than one year, consumers' deposits, or other accounts payable which bear interest. It shall also include interest accrued on advances from affiliated companies and, in the case of municipal utilities, on advances from city. See account No. 232, "Interest Accrued," for method of accruing interest.

D C 660 AMORTIZATION OF DEBT DISCOUNT AND EXPENSE

This account shall be charged each accounting period with that proportion of the unamortized discount and expense on long-term debt which is applicable to the period. This proportion shall be determined by dividing the amount of unamortized debt discount and expense at the beginning of the accounting period by the number of accounting periods remaining before the maturity of the debt.

D C 670 AMORTIZATION OF PREMIUM ON DEBT—CR.

This account shall be credited each accounting period with the proportion of the unamortized premium on long-term debt which is applicable to the period. This proportion shall be determined by dividing the amount of unamortized premium on debt at the beginning of the accounting period by the number of accounting periods remaining before the maturity of the debt.

D C 680 MISCELLANEOUS DEDUCTIONS FROM GROSS INCOME

This account shall include all deductions from gross income not provided for in the three foregoing accounts. Income taxes levied on bond holders and assumed by the accounting utility should be charged to this account.

D C 710 SINKING-FUND APPROPRIATIONS

This account shall include such amounts as are required by mortgage provision or otherwise to be charged to income for the purpose of retiring or reducing the bonds or other obligations of the accounting utility. This account shall be debited with an amount equal to any revenue derived from the investment of funds specifically set aside for the above-described purposes as are required to be added to a sinking-fund reserve. The actual revenue, however, shall be credited to Non-Operating Income.

D C 720 DIVIDEND APPROPRIATIONS

This account shall include all amounts declared payable as dividends on capital stock issued by the accounting utility and actually outstanding. This account shall not include charges for dividends on capital stock issued by the accounting utility and owned by it, whether held in the treasury, in special deposits, in sinking or other reserve funds, or pledged as collateral.

D C 730 APPROPRIATIONS TO MUNICIPAL FUNDS

This account shall include all amounts appropriated to other municipal funds by the accounting utility.

D C 740 MISCELLANEOUS APPROPRIATIONS

This account shall include all amounts appropriated from income not provided for in the foregoing accounts.